A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

July, 1984

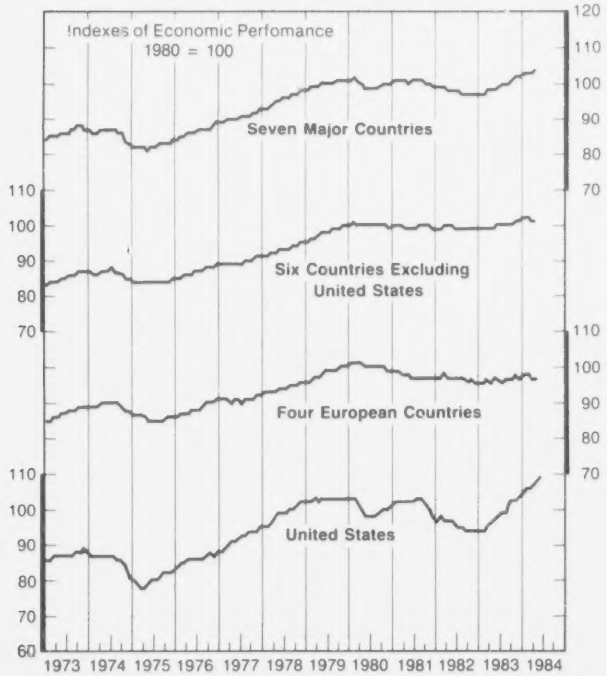
SUMMARY

The leading indicators continue to give a positive reading on the prospects for economic expansion in the seven major industrial countries. Japan's leading index in April recorded a faster growth rate, 12%, than any of the other countries. For the United States and Canada the indexes are saying slower growth ahead. Their most recent growth rates, at 7%, are about half what they were six months ago. The leading indexes for France, West Germany, and Italy show advances in the 5 to 7% range, while the United Kingdom turned in a slow 2% growth rate in April. The composite indexes of economic performance, which include measures of output and employment, are now rising more slowly in the U.S. and Canada than they were six months ago, but more rapidly in Japan. For Europe, modest upswings in the performance indexes are under way except in France, where the index has remained steady in recent months.

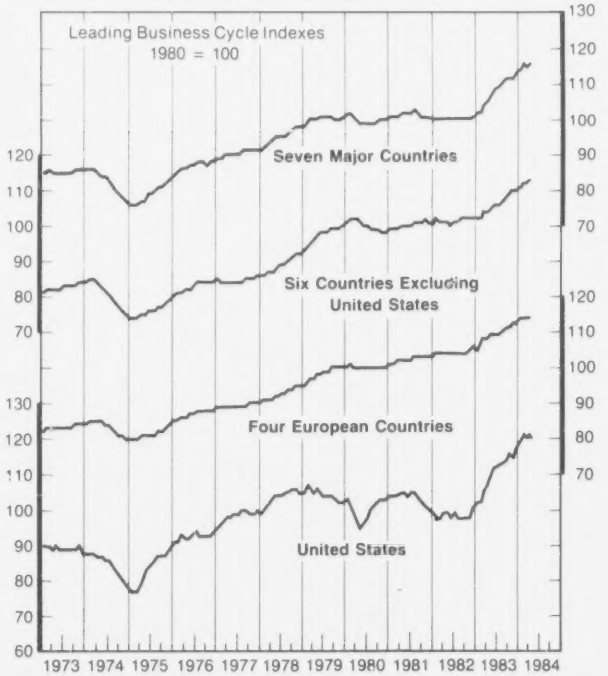
	Ten-year Growth Rate 1969-79	Indexes of Economic Performance Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Leading Business Cycle Indexes Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
		annual rates, percent							
United States	3	12	11	11	15	16	7	Expansion continuing	June/May
Canada	4	7	5	3	13	9	7	Expansion continuing	Apr.
Japan	5	4	4	5	12	12	12	Expansion continuing	Apr.
United Kingdom	2	2	2	2	3	3	2	Slow recovery under way	Apr.
West Germany	3	2	5	3	9	10	5	Slow recovery under way	Apr.
France	4	– 2	0	–1	7	12	7	Leaders advancing; economy weak	Apr.
Italy	3	– 3	1	3	3	3	6	Leaders advancing; economy weak	Nov./Jan.
7 countries	3	6	7	6	12	12	8	Expansion continuing	Apr.
6 countries ex. U.S.	4	2	3	2	8	9	7	Slow recovery under way	Apr.
4 European countries	3	1	3	0	6	8	5	Slow recovery under way	Apr.
3 countries ex. Europe	4	8	10	9	16	14	10	Expansion continuing	Apr.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are

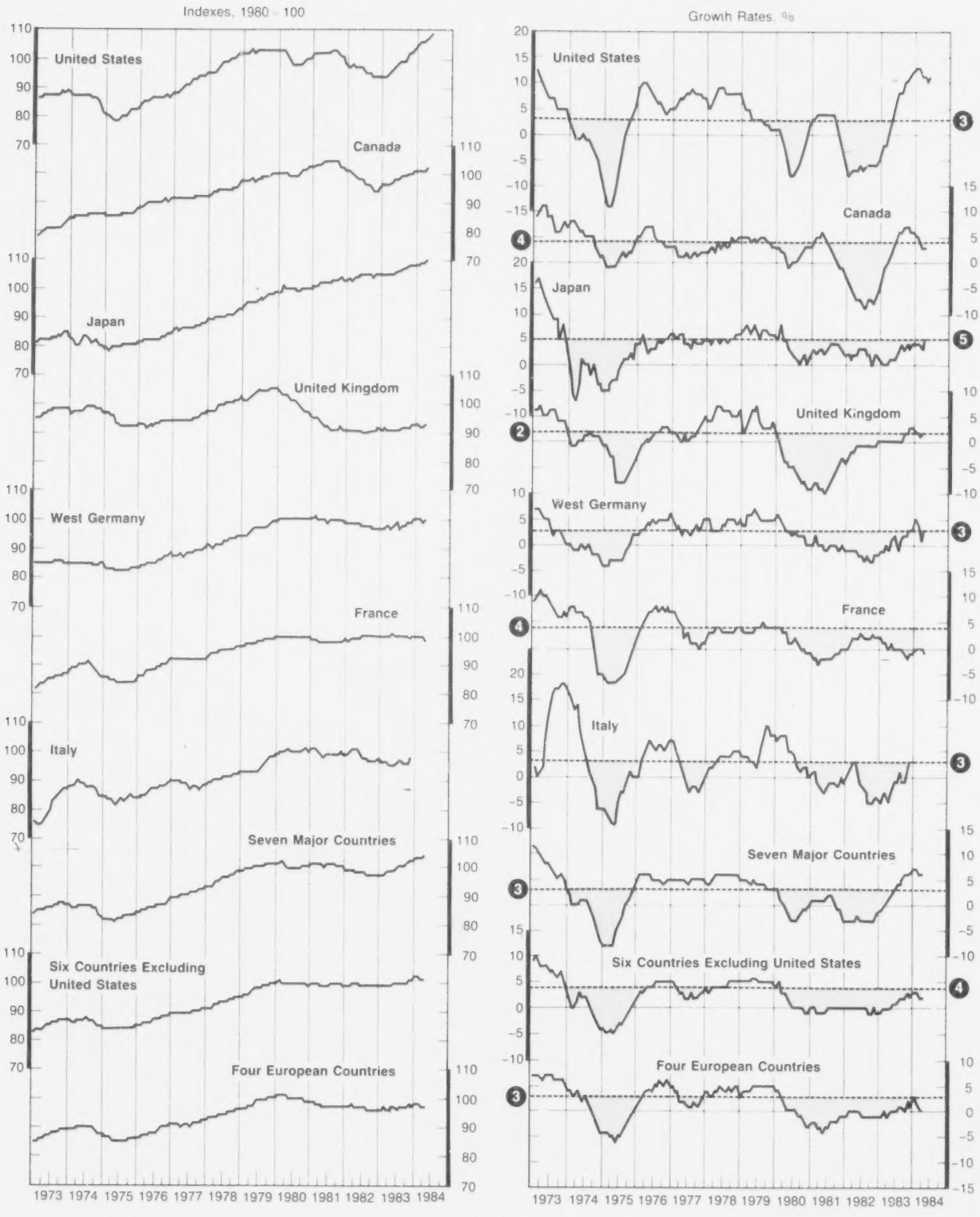


Where We're Headed



Where We Are

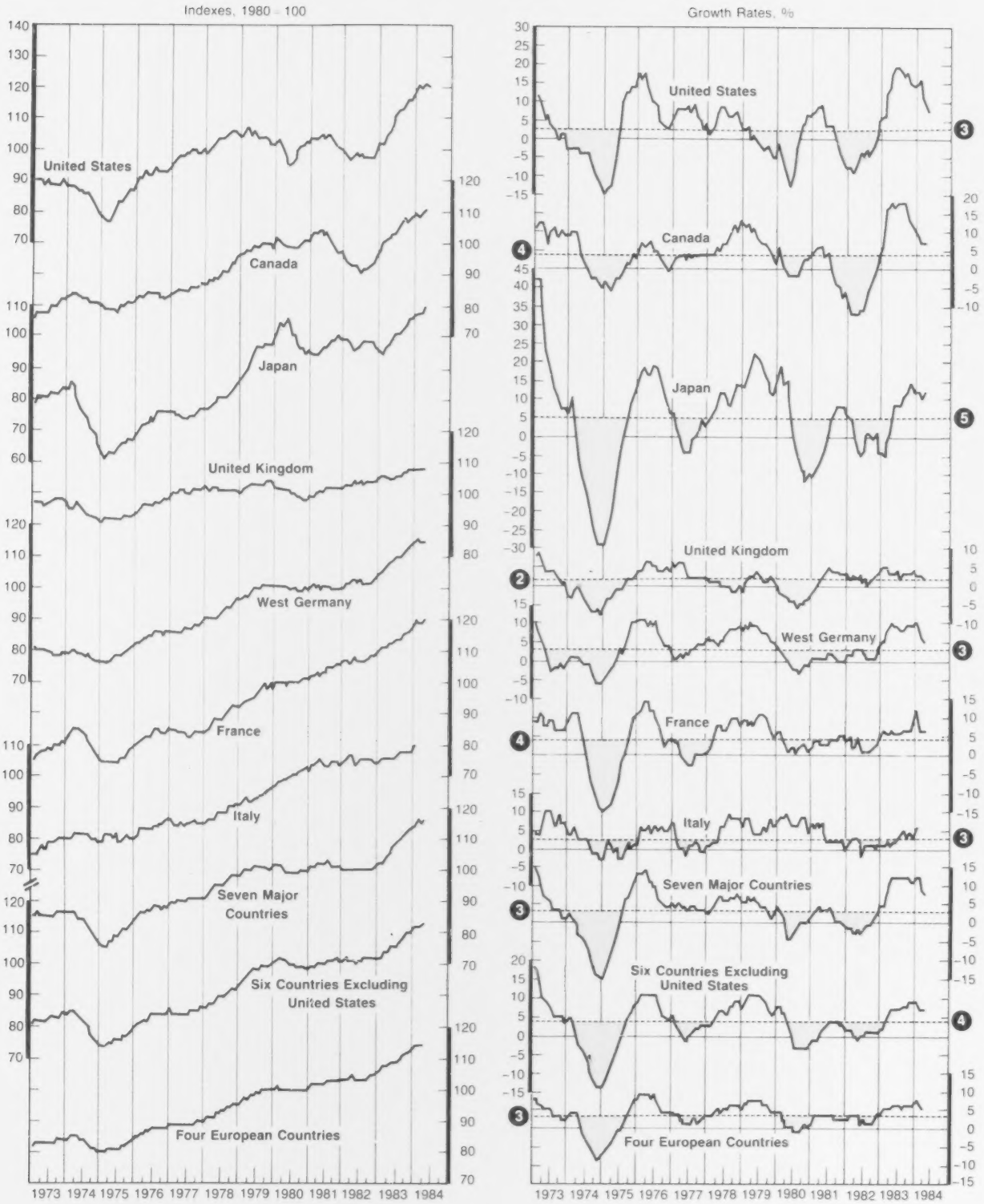
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Dec.	82	94	101	95	95	105	96	91	104	97	104	100	108	97	105	97	101	99	102	96	105
Jan.	83	94	102	96	98	105	95	91	105	97	105	100	109	96	105	97	102	99	102	96	106
Feb.	83	94	102	96	100	105	94	91	106	97	105	100	111	96	106	97	102	99	102	96	107
Mar.	83	95	105	97	101	105	96	91	106	98	107	100	111	96	106	98	104	99	104	97	108
Apr.	83	96	107	97	102	105	97	91	105	97	108	100	112	95	106	98	105	99	104	96	108
May	83	97	109	98	103	105	99	91	106	98	109	101	112	95	106	98	107	99	105	97	109
June	83	98	111	99	104	106	101	91	106	98	109	100	112	96	106	99	108	100	106	97	109
July	83	99	112	99	105	106	101	91	106	97	110	100	113	96	107	100	109	100	106	96	109
Aug.	83	99	113	100	107	107	102	92	106	98	110	100	113	97	108	100	110	100	107	97	110
Sept.	83	101	114	100	108	107	103	92	107	98	111	100	115	96	108	100	111	100	108	97	111
Oct.	83	102	116	101	107	108	104	92	107	99	112	99	115	96	108	101	112	100	109	97	111
Nov.	83	103	116	101	108	108	106	93	107	99	113	100	116	98	108	102	112	101	110	98	112
Dec.	83	104	117	101	109	108	106	93	108	100	114	100	117		108	102	113	101	110	97	112
Jan.	84	105	119	101	110	108	107	93	108	100	115	100	120		110	103	114	102	111	98	114
Feb.	84	106	121	101	109	109	108	92	108	100	116	100	119			103	116	102	112	98	114
Mar.	84	106	120	101	110	109	108	92	108	99	115	100	119			103	115	101	112	97	114
Apr.	84	107	121	102	111	110	110	93	108	100	115	98	120			104	116	101	113	97	114
May	84	108	120																		
June	84	109																			
		Growth Rates, Percent																			
Dec.	82	–4	5	–5	6	1	–4	0	3	–2	4	2	3	–4	1	–2	3	–1	1	–1	3
Jan.	83	–2	6	–2	13	0	–4	0	4	–1	5	2	4	–5	1	–1	4	–1	2	–1	4
Feb.	83	–2	6	–1	16	0	–5	0	5	–1	5	1	7	–4	1	–1	4	0	2	–1	5
Mar.	83	0	12	1	17	0	–1	0	5	0	7	1	6	–3	2	0	7	0	4	0	5
Apr.	83	2	14	2	18	1	1	0	3	–1	8	0	6	–5	1	1	9	0	5	–1	5
May	83	5	17	4	17	1	6	0	3	1	10	1	7	–3	2	2	11	0	7	0	6
June	83	7	19	5	18	1	8	0	3	2	9	0	6	–1	2	3	12	1	7	0	6
July	83	8	19	6	18	3	8	0	4	–1	9	0	6	–1	3	4	12	1	7	0	6
Aug.	83	8	18	6	18	4	8	1	2	1	8	0	6	1	4	4	12	2	7	1	5
Sept.	83	10	17	7	17	3	11	2	3	2	8	–1	7	–1	5	5	12	2	8	1	6
Oct.	83	11	18	7	13	4	12	2	3	2	9	–2	7	–1	3	6	12	2	8	1	6
Nov.	83	11	15	6	12	3	14	3	3	3	9	–1	7	3	4	6	11	3	9	2	6
Dec.	83	12	14	6	10	4	12	3	4	3	9	–1	8		3	6	11	2	9	1	7
Jan.	84	13	15	5	9	4	12	2	3	5	10	0	12		6	7	12	3	9	3	8
Feb.	84	13	16	4	7	4	12	2	3	4	9	0	8			7	12	3	8	2	7
Mar.	84	11	11	3	7	3	10	1	3	1	6	0	7			6	9	2	7	1	6
Apr.	84	11	10	3	7	5	12	2	2	3	5	-	7			6	8	2	7	0	5
May	84	10	7																		
June	84	11																			
		Ten Year Annual Growth Rate, Percent																			
1969–79		3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board,* April 1980 and *Business Cycles, Inflation and Forecasting,* Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationry trends.

The indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

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